

# Bennelong Kardinia Absolute Return Fund

Performance report | 30 April 2022

## Net client returns (after fees and expenses)

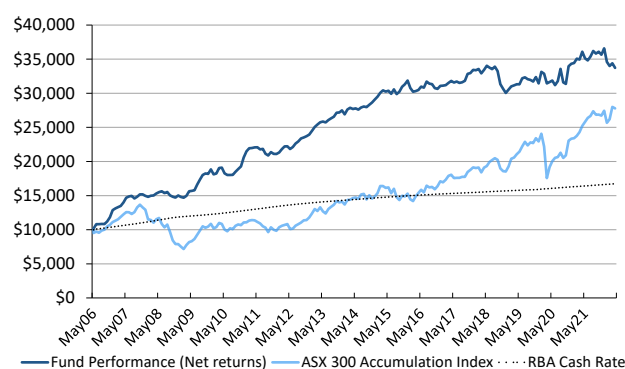
	1 mth	6 mths	1 year	3 years p.a.	5 years p.a.	Since inception <sup>3</sup> p.a.
Fund <sup>1</sup>	(1.93%)	(6.55%)	(6.54%)	2.49%	1.18%	7.89%
Benchmark <sup>2</sup>	0.17%	1.05%	2.12%	2.00%	1.80%	3.27%

Performance figures are net of fees and expenses.  
Past performance is not indicative of future performance.

## The Fund at a glance

Fund facts	
Strategy	Long-short Australian equity
Process	Fundamental stock selection based on analysis of the macroeconomic environment, company and operating environment, quality of management and valuation
Investment objective	To achieve consistent positive returns through an investment cycle, with an overarching philosophy of capital protection
Strategy FUM	AUD 68.2 million
Inception date <sup>3</sup>	1 May 2006
Unit price: daily series	0.9782
Unit price: monthly series	1.1490
Fund managers	Kristiaan Rehder, CFA® Stuart Larke, CFA®
Investment specialist	Mark Burgess, CFA®
Annualised return	7.89%
Total return since inception	237.27%
Annualised standard deviation	7.72%
Sharpe ratio (RFR=RBA cash)	0.60
Percentage of positive months since inception	66.15%

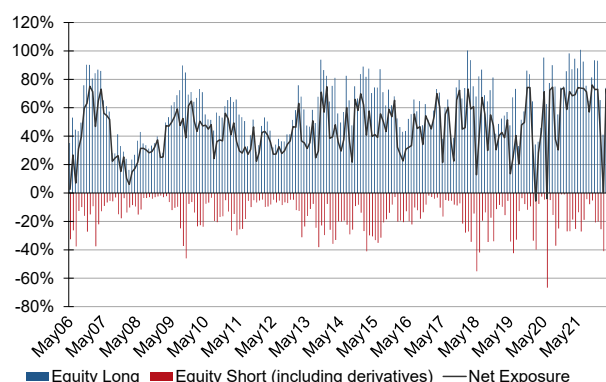
## Historical performance



## Largest holdings

Holding	Sector	Weight
Uniti Group	Comm Services	8.9%
Santos	Energy	7.0%
Commonwealth Bank	Financials	5.1%
BHP	Materials	5.1%
ANZ	Financials	4.5%
Worley	Energy	4.3%
Proteomics	Health Care	4.3%
Charter Hall	REITs	3.5%
CSL	Health Care	3.3%
Macquarie Group	Financials	2.9%

## Portfolio exposure analysis



## Market and fund commentary

The Bennelong Kardinia Absolute Return Fund fell 1.93% in April, while the market also fell (S&P/ASX300 Accumulation Index -0.84%). The market was weak due to the increasing likelihood that central banks would begin lifting interest rates at a rapid pace in the face of rising inflation and the risk of a material slowdown in global economic growth. In addition, the ongoing Russia/Ukraine war continues to impact the usual flow of trade with economic sanctions being imposed on Russia. China's strict COVID lockdowns have also seen ongoing supply chain disruption. Global markets were weak (S&P500 -8.7%, MSCI Asia ex Japan down 3.5%, Euro Stoxx 600 -2.0%, FTSE 100 +0.8%).

The best sectors for the month were Utilities (+9.3%), Industrials (+3.5%) and Consumer Staples (+3.3%), while Information Technology (-10.4%), Materials (-4.3%) and Consumer Discretionary (-3.1%) lagged.

Key contributors and detractors for the month:

Positive contributors	Basis points	Negative contributors	Basis points
Uniti Group	+46	East 33	-162
Worley	+16	Proteomics	-61
Select Harvests	+14	Aristocrat Leisure	-24
SPI Futures	+14	HUB24	-23
Firefinch	+13	Neometals	-15

Uniti entered into a binding Scheme Implementation Deed with the Morrison/Brookfield Consortium for cash consideration of \$5.00 per share during the month. We believe the discount between the prevailing share price and the offer price will close, representing an attractive return to Kardinia investors. The prospect for Macquarie Infrastructure and Real Assets Holdings Pty Limited (the underbidder for Uniti) to offer a superior bid presents a very real possibility.

Geopolitical developments have seen global prices for oil and gas surge which we believe will drive the world,

especially the European block, to seek greater energy security. Worley has limited exposure to Russia, and we believe the Company's earnings profile will continue to improve as capex commitments grow in this sector.

Select Harvests grows, processes, and markets almonds produced by its owned and leased almond orchards spanning NSW, VIC, and SA. Indications through the month suggested the almond market shifted in a more favourable direction. Conditions for the current Californian almond crop (the world's largest almond producing region) have deteriorated, while global demand is recovering.

East 33 has ~25% market share in the production and distribution of the Sydney rock oyster market. Profit results since listing have been disappointing due to a lack of labour in the main harvesting regions of NSW. In addition, during the month, heavy rainfall forced the closure of all harvest areas by the NSW Food Authority preventing E33 from harvesting its oysters. An oyster disease QX was also detected in one of the Company's areas of operation. We have closed out the entire position.

Proteomics is currently in the process of commercialising its world first diabetic kidney disease test, PromarkerD, an early detection test, which provides physicians the ability to predict the onset of diabetic kidney disease up to 4 years in advance and with c.86% accuracy. The Company did not provide any new information in terms of the development timeline over the month however a number of important milestones including a US partnering agreement and first sales into Europe are expected within the next 6 months.

On the social gaming side of the business, web traffic metrics suggest Aristocrat's key game RAID's growth has turned negative for the first time. Whilst this is only one part of Aristocrat's business, combined with the prospect of rising global interest rates squeezing household budgets this year, sentiment turned negative against the Company. We closed the position out during the month as it approached Kardinia's stop loss limit.

Commodity prices were generally weaker with iron ore -7% to US\$142/t and copper -7% to US\$4.41/lb. Brent oil rose 2% to US\$109/bbl. Gold was down 2% to US\$1897/oz. The A\$/US\$ fell 6% to US\$0.71.

## Outlook & Positioning

We reduced our net exposure from 73.1% to 52.3% as we see risk of a disorderly selloff as the market tests the resolve of central banks to raise interest rates at a rapid pace in order to contain rising inflation. We reduced our smaller cap positions as we believe large caps will outperform small caps during this period. We also increased the breadth of our short book and increased the position sizes, with our shorts concentrated amongst loss-making stocks and expensive lower quality technology companies.

We believe a tapering of quantitative easing by the US Federal Reserve and faster than expected interest rate rises is the key issue for markets in calendar year 2022.

## Fund performance<sup>4</sup>

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	-5.44%	-1.72%	1.17%	-1.93%									-7.79%
2021	0.32%	1.86%	-0.36%	3.26%	-2.64%	-0.90%	1.60%	2.35%	-1.08%	0.79%	-1.20%	2.58%	6.58%
2020	5.40%	-0.86%	-4.32%	0.63%	0.73%	-2.15%	1.90%	5.63%	-5.88%	-0.70%	8.21%	1.07%	9.13%
2019	1.66%	1.55%	0.46%	0.55%	-0.03%	2.82%	0.42%	-0.83%	-0.35%	-0.73%	2.04%	-2.84%	4.68%
2018	-0.16%	0.56%	-1.90%	1.56%	1.78%	-0.77%	-0.68%	1.08%	-1.93%	-5.71%	-2.18%	-2.02%	-10.12%
2017	0.12%	0.25%	1.04%	0.89%	-0.75%	0.48%	-0.65%	0.34%	0.66%	3.18%	0.35%	1.43%	7.53%
2016	-3.42%	-1.78%	0.30%	0.52%	1.60%	-0.47%	2.95%	-1.02%	-0.22%	-1.85%	-0.37%	1.45%	-2.44%
2015	1.44%	1.90%	1.24%	-0.59%	0.41%	-1.49%	2.20%	-2.27%	1.14%	2.45%	1.16%	1.74%	9.60%
2014	-2.12%	2.69%	0.87%	-0.63%	0.36%	-0.66%	1.07%	0.56%	-0.31%	1.22%	1.13%	1.53%	5.77%
2013	2.21%	2.36%	1.42%	1.34%	0.40%	-0.46%	1.31%	0.96%	0.93%	2.17%	0.15%	1.11%	14.76%
2012	1.08%	2.30%	1.82%	0.04%	-1.79%	1.38%	2.30%	1.38%	1.85%	0.68%	0.71%	1.07%	13.52%
2011	4.25%	2.13%	0.23%	0.37%	0.11%	-1.41%	0.31%	-3.23%	-1.19%	2.31%	-1.16%	-0.13%	2.42%
2010	-3.82%	0.66%	4.36%	0.36%	-4.38%	-1.33%	0.03%	0.09%	2.49%	2.19%	2.02%	6.84%	9.33%
2009	-1.46%	-0.68%	1.79%	4.56%	0.34%	0.54%	5.31%	4.41%	3.86%	1.21%	-0.28%	3.59%	25.47%
2008	-1.00%	1.12%	0.17%	1.93%	1.33%	0.87%	-1.72%	1.02%	-3.20%	-1.29%	-0.81%	2.04%	0.30%
2007	2.04%	1.28%	1.45%	3.74%	4.95%	1.21%	0.65%	-2.62%	1.76%	2.36%	-0.02%	-1.34%	16.36%
2006					1.53%	6.54%	-0.06%	0.32%	-0.22%	3.65%	5.50%	8.72%	28.67%

## How to invest

The Fund is open to investors directly via the PDS (available on our [website](#)), or the following platforms.

### Platforms

AMP (Elements Investment, Elements Pension, My North, North, Portfolio Care, Portfolio Care eWrap, PPS, Weathview eWrap Inv)	IOOF (Portfolio Services)
BT Asgard (Master Trust, Employee Super, Infinity eWrap)	Macquarie Wrap (IDPS, Super)
BT (Panorama)	Mason Stevens
CFS (FirstChoice, FirstWrap, IX (PIS))	Netwealth (Super Service, Wrap Service, IDPS)
Hub 24 (Super, IDPS)	Oasis (Wealthtrac)
	Powerwrap (Super, Pension, Smartwrap)
	Wealthtrac
	Wealth O2

## Get in touch



[kardiniacapital.com.au](http://kardiniacapital.com.au)



1800 895 388 (AU) or 0800 442 304 (NZ)



[client.experience@bennelongfunds.com](mailto:client.experience@bennelongfunds.com)

- Performance results are net of all transaction costs, investment management and performance fees and all other costs incurred by the Fund. Performance is the total return of the fund (assuming re-investment of distributions) and is quoted based on hard-close unit prices, without including the impact of buy/sell spreads.
- The benchmark is the RBA cash rate plus 2%. Prior to 2 December 2019 it was the RBA cash rate.
- The inception date of the Fund is 1 May 2006. The Fund was launched by another trustee, and the performance data also relates to this strategy. Bennelong Funds Management Ltd assumed responsibility on 16 August 2011.
- Performance data is historical data based on the main series using a monthly unit pricing methodology. If you are invested in the daily series, please contact Client Experience (1800 895 388 or [client.experience@bennelongfunds.com](mailto:client.experience@bennelongfunds.com)) to request your performance history.

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